



Indiana

Be in a state of progress

Indiana's New 21st Century Tax Structure

Cutting Taxes:

- *Cuts property taxes for Hoosier homeowners on average by nearly 13 percent*
- *Cuts income taxes for Hoosier renters by increasing that deduction from its current level of \$2,000 to \$2,500*
- *Cuts real property taxes and individual property taxes by 20 percent*
- *Cuts property taxes for Hoosier farmers on average by more than 13 percent*
- *Cuts business property taxes on average by 23.4 percent*
- *Cuts taxes for the poor by linking the earned income tax credit to 6 percent of the federal credit*
- *Cuts business taxes by eliminating the inventory tax in five years and providing an exemption for "production in progress"*
- *Cuts business taxes by providing a tax credit to companies that provide venture capital to startup firms*
- *Cuts business taxes by eliminating the corporate gross income tax and eliminating the supplemental net income tax*
- *Encourages high-tech job growth by doubling the research tax credit from 5 percent to 10 percent*
- *To raise the revenue needed to pay for the property tax cuts, the state's remaining businesses taxes are restructured, utilities pay a supplemental tax to compensate for their 30% reduction in property taxes, and the state's sales tax will increase from 5 percent to 6 percent beginning December 1, 2002*

Growing New Jobs:

- *Encourages high-tech job growth by appropriating \$30 million for the 21st Century Research and Technology Fund for FY 2003 and FY 2004*
- *Eliminates the Corporate Gross Income Tax and the Supplemental Net Income Tax. Raises the Corporate Adjusted Gross Income tax to 8.5%.*
- *Increases the Research and Development Tax Credit from 5% to 10% and repeals the apportionment formula.*
- *Eliminates the Inventory Tax in the 5th year (pay 2007) and gives counties the option to eliminate the Inventory Tax sooner if they pass a local Economic Development Income Tax to provide additional homestead credits.*
- *Implements an exemption for "production in process" inventory for products to be shipped out of state.*
- *Returns to the 'old' business personal property reassessment rule for pay 2004 including the 30% floor. (The new rule will be in effect for pay 2003 with provisions for a 35% inventory adjustment and construction in process).*
- *Establishes a new Venture Capital Investment Tax Credit capped at \$10M per year.*
- *Establishes new certified technology parks to attract high technology businesses.*

Bringing Budget Relief:

- *Budget cuts of \$949 million*
- *Increases cigarette tax by 40-cents per pack, for a total cost of 55-cents per pack*
- *Increases riverboat gaming taxes*
- *Requires Lottery and riverboat winners to pay taxes on winnings over \$1,200*
- *Provides more revenue to all Indiana counties by sharing revenue from riverboat taxes among all 92 counties*

Building Better Indiana Roads:

- *Increases gasoline tax by 3 cents a gallon, for a total cost of 18-cents per gallon*